

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 98-820

January 31, 2001

BANGOR HYDRO-ELECTRIC COMPANY
Request for Approval of Sale of Generation
Assets

ORDER EXTENDING
DEADLINE FOR DIVESTITURE
OF GRAHAM STATION UNITS 4
AND 5

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

We extend the deadline for Bangor Hydro-Electric Company (BHE or the Company) to divest its Graham Station generating units Nos. 4 and 5 until January 31, 2002.

By Order dated January 11, 2000 also in this docket, we authorized the sale of BHE's Graham Station units 4 and 5, and certain associated materials and equipment, to I.I.S.A., Inc. of Seabrook, New Hampshire. The closing of the purchase and sale between BHE and I.I.S.A. of the Graham Station units 4 and 5 was delayed because of the illness of the president of I.I.S.A. In a filing dated June 30, 2000, BHE stated that the Company remained contractually committed to sell the units and that at that time, BHE concluded that I.I.S.A. remained the best means to mitigate stranded costs associated with the units. Accordingly, BHE asked for and by order of August 21, 2000, received an extension of time until January 31, 2001 to close the transaction with I.I.S.A.

On January 11, 2001 BHE moved for another extension to divest Graham Station units 4 and 5. BHE stated that the president of I.I.S.A. suffered a stroke and consequently the contract was never executed. BHE stated that, subsequent to the August order, I.I.S.A. has declined to execute the purchase and sales agreement or otherwise pursue purchasing the Graham units.

BHE stated that the Company has continued to market the Graham units. BHE also stated that the Company has an interested buyer, but because of the prospective buyer's recent request for additional information, BHE would not be able to conclude a sale prior to the January 31, 2001 divestiture deadline. BHE therefore requested an additional extension of time until January 31, 2002 to divest the Graham units.

BHE deactivated the Graham units in 1992. Because BHE previously sold the Graham Station air emission license credits, the Graham units may not be operated at their present site. BHE states that I.I.S.A.'s offer for the Graham units has been the only firm offer for the deactivated units since BHE began marketing the units in 1991. BHE states that its plan to divest the Graham Station units remains to sell the units to a buyer willing to bear the cost associated with the removal of the units, as that outcome will likely yield the greatest mitigation of BHE's stranded costs. BHE states that, based

on the recent marketing efforts, that it continues to hope that the Company will find a buyer but requires additional time to do so.

We accept the reasons offered by BHE that the Company requires an extension of the deadline to divest its Graham Station units Nos. 4 and 5, and that the extension will permit BHE to pursue reasonable means to reduce its potential stranded costs.

Accordingly, we

ORDER

That the deadline for Bangor Hydro-Electric Company to divest its Graham Station units No. 4 and 5, and certain associated material and equipment, is extended until January 31, 2002.

Dated at Augusta, Maine, this 31st day of January, 2001.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent
Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.